



2017
***UN GLOBAL COMPACT
COMMUNICATION
ON PROGRESS***

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REPORTING ENTITY: TRAFIGURA GROUP PTE. LTD.



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Trafigura has become one of the world's leading commodity trading firms by delivering reliable and efficient services to its customers and by making the global supply chain work better. Integral to this process is our commitment to acting responsibly.

I am pleased to confirm Trafigura's ongoing support of the UN Global Compact and, as presented in this Communication on Progress¹, our commitment and efforts to continuously integrate the 10 principles in the areas of Human Rights, Labour, Environment and Anti-Corruption within our business strategy, management frameworks, organisational culture and values.

We also commit to sharing this information with our stakeholders. Trafigura is a committed and active member of the Swiss and International UN Global Compact communities and supports the advancement of the broader development goals of the United Nations.

As one of the world's leading commodity trading firms, we are leveraging our experience and expertise to develop a more responsible business. We have set ourselves an important ambition: to be acknowledged sector leaders in corporate responsibility. Each division and operating company of the Trafigura Group are required to implement, measure and report performance against our corporate responsibility policies and principles.

Our 2017 Responsibility Report, which reflects on progress and on lessons learned during the year, as well as spelling out measures we have put in place to strengthen implementation going forward forms part of our formal Communication on Progress (COP) to the UN Global Compact. Trafigura's Corporate Responsibility Policy and Business Principles, along with our Code of Business Conduct, encapsulate our approach to corporate responsibility and align with the UN Global Compact principles.

Jeremy Weir
Chief Executive Officer
Trafigura Group Pte. Ltd.



¹ UN Global Compact Communication on Progress, covering the period October 1st, 2016 – September 30th, 2017.

INTRODUCTION

We are committed to being an active member of the UN Global Compact (UNGC) and to the ongoing implementation of its 10 principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

We are continually strengthening our approach to corporate responsibility across our direct operational activities and business relationships. We face growing expectations from stakeholders. Our partners and investors are increasingly risk-sensitive. Governments and regulators are more conscious of the commodities sector.

Counterparties, lenders, NGOs, local communities, insurance providers and the media, amongst others, expect us to demonstrate that we are operating responsibly. Our engagement with internal and external stakeholders is critical to informing our business strategy, decision making processes and management approach to promote continuous improvement in performance across the Trafigura Group.

Trafigura's governance framework aims to ensure our Corporate Responsibility Policy, associated Business Principles and Code of Business Conduct are implemented consistently across our diverse organisation.

Our Health, Safety, Environment and Communities (HSEC) Steering Committee promotes best practice and drives performance. A non-executive Board member and the Global Head of Corporate Affairs co-chair the Committee. It includes COOs and functional Heads from across the organisation.

The following index tables have been designed to outline how Trafigura is upholding the principles of the UNGC and demonstrates Trafigura's commitment to transparency and accountability.

This document is to be read alongside Trafigura's 2017 Responsibility Report, available at www.trafigura.com/responsibility.



HUMAN RIGHTS

2.1 ASSESSMENT, POLICY, GOALS

Physical trading is at the core of our business. With a significant fixed asset base in developing economies, we are acutely aware of the impacts of our operations on nearby communities. Understanding local contextual issues and engaging respectfully in our operating environment is critical to maintaining our social licence to operate. Our activities stimulate socio-economic development in local communities and for their national economies. We create employment, develop skills, build infrastructure and procure from local suppliers. At the same time we recognise that our activities can also have an adverse impact on local communities and their way of life. We seek to minimise or mitigate such negative consequences.

Basic human rights are understood as the rights outlined in the United Nations Universal Declaration of Human Rights. Trafigura is committed to respecting human rights across its business operations and value chain activities. Our approach is enshrined in our Corporate Responsibility Policy, associated Business Principles and Code of Conduct and is informed by the UN Guiding Principles on Business and Human Rights (UNGPs) and other internationally recognised principles and standards.

Our expectations in relation to human rights are detailed within employee (and selected contractors) HSEC awareness raising training in English, French, Spanish, Portuguese and Chinese. In addition, we require business partners to apply comprehensive, comparable and complementary policies and principles, as outlined in our contractor screening and engagement processes.

We are committed to continuously strengthening our social performance. Our focus in 2018 will include:

- To continue to support the development and execution of guidance for the application of the UNGPs to the commodities trading sector.
- To continue to support and promote the activities of the EITI and the application of the EITI Standard to the commodities trading sector.
- To monitor and respond to the 'Dirty Diesel' issue through dialogue and direct action.
- To deliver improvements on the handling of operational-level grievances against the Trafigura standard.
- To deliver refinements to Trafigura's responsible sourcing strategy and support counterparts as required in mitigating risk.
- To explore opportunities of working with expert third parties in mitigating wider risk linked to artisanal small-scale mining that are unrelated to our direct business interests.



2. HUMAN RIGHTS

UNGC PRINCIPLE: HUMAN RIGHTS

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2 - Make sure that they are not complicit in human rights abuses.

2017 Responsibility Report Reference	Web	Supporting business processes and documentation
Our Approach (p. 4-13)	http://www.trafigura.com/	<ul style="list-style-type: none"> • HSEC Incident Reporting and Investigation Guidelines • Third-Party HSEC Incident Reporting and Investigation Guidelines • Trafigura Employee Handbook • Contractor HSEC Code of Conduct • Trafigura HSEC Contractor Terms • Trafigura HSEC Contractor Screening and Management Process • Community leadership: what it means to us • Group and Operational Level Grievance Mechanisms • Operational-level guidance for the handling of external complaints and grievances • Online HSEC Awareness Training • HSEC Assurance Programme • Metals and Minerals Responsible Sourcing and Supply Chain Expectations and programme of work
Society (p. 14-23)	http://www.trafigura.com/responsibility/	
Health & Safety (p. 24-31)	http://www.trafigura.com/hsec-resourcecentre/	
People (p. 40-45)	http://www.trafigura.com/responsibility/global-grievance-hotline/	
Conduct (p.46-49)	http://www.trafigura.com/responsibility/2017-responsibility-report/	

2.2 MEASUREMENT OF OUTCOMES

Key monitoring and performance highlights in 2017 to support alignment of our business with UNGC have included:

- Performance improvement plan instigated across all major assets to deliver enhancements to Trafigura's grievance management system.
- Pilot responsible sourcing programme launched in the Democratic Republic of the Congo (DRC) and Zambia, incorporating desk-based and site-based due diligence of suppliers of metals and minerals to Trafigura.
- Supporting the development of guidance for the application of the UN Guiding Principles on Business and Human Rights (UNGPs) to the commodities trading industry.
- Support for the EITI-mandated multi-stakeholder working group in developing guidance on 'first trade' reporting of crude oil sales by State Owned Enterprises.



LABOUR

3.1 ASSESSMENT, POLICY, GOALS

At Trafigura, we maintain a working environment based on integrity, ethical conduct, equal opportunity and mutual respect. We have built up a distinctive culture that binds our global organisation and drives performance across regions and disciplines. Being able to recruit, retain and develop skilled and high performing people is critical to maintaining our competitiveness. Respect, diversity and competitiveness are fundamental tenets. We engage with employees and contractors, both directly and through their trade unions and other representatives, on issues that may affect them.

We oppose discrimination of any kind. We treat all employees fairly, and with dignity and respect. We do not tolerate any form of child labour, forced or compulsory labour across our direct business activities or those of our business partners. Where there are staff grievances, whether individual or collective, we address them promptly and collaboratively. We are committed to full operational compliance with applicable labour legislation and regulations, ILO core conventions and associated company standards and requirements. Furthermore, we maintain and support the rights of our employees to bargain collectively and to freedom of association.

Our approach to managing our people and our contractors is enshrined in our Corporate Responsibility Policy, our Business Principles, our Code of Business Conduct and employee handbook (which forms part of the terms and conditions of employment with Trafigura). Our employee handbook provides documented coverage of employee rights, conditions and responsibilities, including work environment expectations in relation to equal opportunity and diversity, and discrimination, health and safety at work and code of conduct.

Trafigura's Human Resources team oversees our people strategy on behalf of the Group. Our people strategy in 2018 will focus on:

- Building the technical capabilities and interpersonal skills of our staff.
- Developing people management and leadership skills within the organisation.
- Improving the efficiency and productivity of our workforce through continuous improvement of processes, systems and work organisation.
- Career development opportunities for employees who have demonstrated they are ready and able to take on increased responsibilities.



3. LABOUR

UNGC PRINCIPLE: LABOUR

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 - The elimination of all forms of forced and compulsory labour;

Principle 5 - The effective abolition of child labour; and

Principle 6 - The elimination of discrimination in respect of employment and occupation

2017 Responsibility Report Reference	Web	Supporting business processes and documentation
Our Approach (p. 4-13)	http://www.trafigura.com/	<ul style="list-style-type: none"> • HSEC Incident Reporting and Investigation Guidelines • Third-Party HSEC Incident Reporting and Investigation Guidelines
People (p. 40-45)	http://www.trafigura.com/responsibility/ http://www.trafigura.com/hsec-resourcecentre/ http://www.trafigura.com/responsibility/global-grievance-hotline/ http://www.trafigura.com/responsibility/2017-responsibility-report/	<ul style="list-style-type: none"> • Trafigura Employee Handbook • Contractor HSEC Code of Conduct • Trafigura HSEC Contractor Terms • Trafigura HSEC Contractor Screening and Management Process • Online HSEC Awareness Training • HSEC Assurance Programme • Group and Operational Level Grievance Mechanisms • HSEC Assurance Programme

3.2 MEASUREMENT OF OUTCOMES

Key monitoring and performance highlights in 2017 to support alignment of our business with UN Global Compact Principles have included:

- 1,007 employees joined Trafigura Group in 2017 (63 percent office workers and 37 percent blue-collar workers).
- 18 people hired onto the Global Commodity Trading Graduate Programme (including four from the Apprentice Programme), 26 onto the International Trader Opportunity and five people onto the Impala Terminals Graduate Programme.
- 32,959 learning and development-related activities completed across the Group, including e-learnings, structured on-the-job training, classroom training and skills evaluations.
- 1,016 employees had a career development opportunity, including a change of role or a promotion.
- 120 employees internationally relocated.



ENVIRONMENTAL

4.1 ASSESSMENT, POLICY, GOALS

Trafigura requires that the planning, design and operation of all Group activities and facilities explicitly consider and target environmental risk in its many forms. We are committed to pollution prevention and compliance with all relevant domestic and international environmental legislation and regulations. Furthermore, we are committed to promoting environmental protection and minimising the impact of our business activities on the environment where we operate.

Our Corporate Responsibility Policy and Business Principles define our commitments for our direct operations and those of our business partners in relation to environmental protection and responsibility. Our commitments are further articulated through a range of risk screening, management and performance assurance processes. Trafigura's commitments extend to our business partners, as articulated within our HSEC Contractor Code of Conduct, contractual clauses and HSEC risk screening processes.



4. ENVIRONMENTAL

UNGC PRINCIPLE: ENVIRONMENTAL

Principle 7 - Businesses should support a precautionary approach to environmental challenges

Principle 8 - Undertake initiatives to promote greater environmental responsibility

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies

2017 Responsibility Report Reference	Web	Supporting business processes and documentation
Our Approach (p. 4-13)	http://www.trafigura.com/	<ul style="list-style-type: none"> • HSEC material risk registers • HSEC Incident Reporting and Investigation Guidelines • Third-Party HSEC Incident Reporting and Investigation Guidelines • Contractor HSEC Code of Conduct • Trafigura HSEC Contractor Terms • Trafigura HSEC Contractor Screening and Management Process • Online HSEC Awareness Training • HSEC Assurance Programme • Environmental Management Systems, including ISO14001 certification at a number of existing facilities • Oil spill response contingency plans • Greenhouse Gas (GHG) inventory • Group and Operational Level Grievance Mechanisms • Shipping and Chartering Desk requirements and measures on ship owners and chartered vessels (including compliance with the International Management Code for the Safe Operation of Ships and for Pollution Prevention) • Oil Companies International Marine Forum (OCIMF) Ship Inspection Report (SIRE) Programme approvals • Oil Spill Response Ltd (OSRL) Membership • Oil spill response plans in place across relevant assets and associated training and desk top emergency response exercises • Centralised trucking fleet management processes
Environment (p. 33-39)	http://www.trafigura.com/responsibility/ http://www.trafigura.com/hsec-resourcecentre/ http://www.trafigura.com/responsibility/2017-responsibility-report/	

4.2 MEASUREMENT OF OUTCOMES

Key monitoring and performance highlights in 2017 to support alignment of our business with UNGC Principles have included:

- Ongoing programme of due diligence relevant to the chartering of vessels and the appointment and management of ship-to-ship (STS) transfer and waste management providers.
- Commitment to CDP Reporting.

- Detailed reporting on Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions.
- Formal assessment of GHG emissions reductions in Colombia following first year of early operations for Impala Terminals' multimodal logistics network.

ANTI-CORRUPTION

5.1 ASSESSMENT, POLICY, GOALS

Trafigura conducts its business within laws and regulations. We face varying cultural norms in diverse geographies. Wherever we operate, our objective is to conduct ourselves in line with the principles of internationally recognised standards.

We expect high standards of behaviour from our people and aim to encourage our counterparties, contractors and suppliers to adhere to a similar framework.

Our Code of Business Conduct sets out behaviours expected of all our staff. Our management teams work together with Compliance, Legal, Human Resources and Corporate Affairs departments to promote these behaviours amongst our employees and contractors.

Trafigura strictly prohibits the offer or acceptance of a bribe in any form, including kickbacks or the use of any route of which the intention is to provide improper benefits to third parties, in both public and private sectors, whether made directly or indirectly.

Trafigura's Compliance team oversees our compliance activities on behalf of the Group. Our conduct strategy in 2018 will focus on:

- Continuing to develop our KYC programme.
- Continued development and extension of training on key risk areas to all staff members across all Group companies.
- Enhanced coverage and depth of stakeholder engagement, particularly amongst the financial community.
- Work with regulators regarding key issues for the commodities trading sector.
- Active engagement with international forums, industry bodies and trading partners on ethical business conduct.



5. ANTI-CORRUPTION

UNGC PRINCIPLE: ANTI-CORRUPTION

Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery

2017 Responsibility Report Reference	Web	Supporting business processes and documentation
Our Approach (p. 4-13)	http://www.trafigura.com/	<ul style="list-style-type: none"> • Code of Business Conduct • Code of Business Conduct for Suppliers • Know your Counterparty (KYC) Screening Process and Procedures • TradingHub's Market Abuse Surveillance Tool (MAST) • Counterparty Due Diligence • Contractor HSEC Code of Conduct • Trafigura HSEC Contractor Screening and Management Process • Trafigura Employee Handbook • Impala Terminals Confidentiality Information Barrier (CIB) Policy • Vessel Screening processes • Engagement with Banks and other stakeholders (including involvement in debate regarding emergence and evolution of regulations relevant to Trafigura) • Daily updates from Thomson Reuters Accelus • Membership of International Swaps and Derivatives Association (ISDA), the Futures Industry Association (FIA) and the Commodity Markets Council Europe (CMCE).
Society (p. 14-23)	http://www.trafigura.com/responsibility/	
Conduct (p. 46-49)	http://www.trafigura.com/hsec-resourcecentre/ http://www.trafigura.com/responsibility/conduct/ http://www.trafigura.com/responsibility/2017-responsibility-report/	

5.2 MEASUREMENT OF OUTCOMES

Key monitoring and performance highlights in 2017 to support alignment of our business with UNGC Principles have included:

- Over 680 Trafigura employees trained on our Code of Business Conduct.
- Anti-money laundering training delivered to over 565 staff members in 39 locations.
- Anti-bribery and corruption training delivered to over 570 staff members in 39 locations.
- 3,965 vessels screened by IMO number to mitigate risk associated with the reflagging of vessels by sanctioned countries, entities or individuals.





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Trafigura Group Pte. Ltd. and the companies in which it directly or indirectly owns investments are separate and distinct entities. In this publication, the collective expressions 'Trafigura', 'Trafigura Group', 'the Company' and 'the Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places to refer to the companies of the Trafigura Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.